

An Overview of Act 130: An Act Relating to Funding of Union and Unified Union School Districts

Act 130, the law designed to align union school district funding with Act 68, was signed into law May 24, 2004. Transitional provisions will take effect in fiscal year 2007, with full implementation in fiscal year 2008. The law has two main purposes that are described below.

1. Equity. The equity component insures that union school costs are distributed among member districts on the same basis as state funding, by equalized pupils. Currently union school district costs are apportioned by a number of methods. When costs and funding are not matched some member districts have homestead tax rates that are higher than they should be while others are lower.

2. Transparency. The transparency piece allows union and member district education spending per pupil amounts and the associated homestead tax rates to be determined separately. In most cases now this cannot be done. In our current system the education spending per equalized pupil amount of a member district and the associated homestead tax rate are determined by combining the member district cost and the union district assessment.

Provisions Taking Effect on July 1, 2006 (FY 2007)

1. Union school districts will be added to the definition of school districts in 16 VSA § 4001, the school funding Chapter of Title 16.
2. Union school districts will file special education expenditure reports with the department and receive aid from the education fund.
3. Union school districts will receive transportation aid from the education fund.
4. Tech center tuition for a student sent from a union district the student resides in will be charged to the union high school district of residence, not the town elementary school district of residence as is done now. Tech center tuition bills for students attending the union district but who reside outside of the district (tuition students) will still be sent to the town district of residence.
5. Union districts will have an equalized pupil count.
6. For FY 2007 only, union districts will be funded by allocating costs to member districts based on the percentage of equalized pupils in the union district from each member district. (In FY 2008 and beyond, union districts will be paid from the education fund and will no longer assess costs to member districts.)
7. In FY 2007 only, there will be only one tax rate for the combined member town and union district spending. Beginning in FY 2008 separate tax rates will be determined for union districts and members town districts.

View the full text of the law:

<http://www.leg.state.vt.us/docs/legdoc.cfm?URL=/docs/2004/acts/ACT130.HTM>